



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

October 17, 1997

Doug D. Jensen
Environmental Coordinator
USMX of Utah, Inc.
P.O. Box 2650
St. George, Utah 84770

Re: Partial Approval of Operator Request for Reduction and Release of Reclamation Surety, USMX of Utah, Inc., Goldstrike Mine, M/053/005, Washington County, Utah

Dear Mr. Jensen:

The Division has completed its evaluation of your June 28, 1997, request for a \$641,408 reduction and release from the \$1,667,300 reclamation surety currently on file for the Goldstrike Mine. Your request for surety reduction was based upon the completion of regrading, recontouring and revegetation work performed at the mine to date.

On August 28, 1997, Larry Gore (Bureau of Land Management), Wayne Hedberg and Lynn Kunzler met with you onsite to inspect the reclaimed areas outlined in your letter. They looked at all of the areas except for the reclaimed exploration sites. They agreed to schedule an inspection next spring to evaluate the vegetation success on the exploration project areas. After follow-up consultation with the Division of Water Quality and the BLM, we offer the following observations concerning your surety reduction request: *(Redlined text identifies areas of change from your original table)*

Description	Surety Estimate	% Complete	\$'s requested	\$'s to be released
<u>8.1 Decommissioning</u> (leach pads)	\$648,800	50%	\$369,000	\$324,400 (1)
8.2 Regrading (pad #1)	47,259	100%	47,259	47,259
<u>8.6 Topsoiling</u> (Hassayampa Pit)	54,543 (45,543)	95% 95%	51,816 (43,266)	51,816 (43,266)
Hamburg Pit	22,516	40%	9,007	9,007
Plant Area	56,571	35% 35%	19,266 (19,800)	14,143 (25%) (2)
Moosehead Pit	47,328	100%	2,366	2,366
Beavertail Pit	27,915	100%	1,393	0 (3)
<u>8.7 Revegetation</u>				
Total Revegetation	\$122,000	75%	92,100	61,400 (50%)
<u>8.8 Highwall Fencing</u>	(122,800)			(4)
Total Highwall Fencing	6,200	100%	6,200	6,200
<u>8.10 Constructn Supvsn.</u>				
Total Const. Supvsn.	86,000	50%	43,000	43,000
		TOTALS	\$641,408	\$551,041

Page 2
Surety Release Request
M/053/005
October 17, 1997

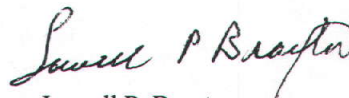
1. The Division of Water Quality has evaluated the adequacy of the heap discharge monitoring results and has performed a recent mine site inspection. On October 8, 1997, Lyle Stott (DWQ) notified our office that DWQ was comfortable with releasing 50% of the calculated decommissioning costs from the existing reclamation surety. The BLM is also in agreement. We have accordingly backed these costs out of the required reclamation surety amount..
2. DOGM and BLM agree to release 25% of the topsoiling estimate for the plant area instead of the 35% figure.
3. Some supplemental revegetation work is necessary on the north facing outslope of the access road leading into the Beavertail Pit area. Additional topsoiling may also be warranted to assist this area in achieving the revegetation success standard. We will retain the \$1,393 until the revegetation standard is met.
4. DOGM and BLM agree to release 50% of the total revegetation cost estimate instead of the 75% figure.

During the inspection, some areas where erosion has started to occur on the out slopes of Heap #1 were noted. It is our understanding that the final contouring and seeding work has not been completed on this heap. In your August 27, 1996 letter regarding Final Closure of Pad 1, you indicate that final contouring and seeding work would be completed during the fall of 1996. To reduce the likelihood of increased erosion on this heap, we strongly recommend that this work be scheduled for completion this fall.

The surety amount currently posted (\$1,667,300) was calculated in 1998 dollars. The surety is scheduled to be reevaluated and escalated in 1998. Accordingly, we have adjusted the 1993 surety estimate by subtracting the amount for the 1995 and 1997 bond reductions and then escalated the subtotal to 2002 dollars (see revised estimate attached). This surety adjustment effectively reduces the required surety amount by \$738,100. The new surety amount is \$929,200 (year 2002 dollars). This amount will be retained for reclamation of the remaining disturbances at the Goldstrike Mine.

Please inform us how you wish to reduce the present sureties so that we may send you the appropriate replacement forms, if necessary. If you have any questions or concerns in this regard, please contact me at (801) 538-5286.

Sincerely,



Lowell P. Braxton
Acting Director

jb
Attachment: (revised surety estimate)
cc: Larry Gore, BLM
Dennis Fredericks, DWQ
Dan Stewart - USMX, Inc. (Corporate)
Robert G. Pruitt, Jr. - Pruitt, Gushee & Bachtell
Mary Ann Wright, DOGM
m053005.rel

